The Build vs. Buy Dilemma: Choosing the Right Dispute Management Solution

In today's rapidly evolving financial landscape, effective dispute resolution has become a critical component of organizational success. As businesses navigate the complexities of customer interactions and financial transactions, they face a pivotal decision: whether to develop custom dispute management solutions or adopt ready-made platforms. This choice carries significant implications for operational efficiency, resource allocation, and long-term scalability.

Examining the Dilemma

The core of this decision lies in balancing the benefits and drawbacks of custom-built systems against off-the-shelf platforms. Custom solutions offer unparalleled control and can be tailored to fit an organization's unique needs, potentially becoming a one-of-a-kind asset. On the other hand, pre-built platforms, especially Software as a Service (SaaS) options, provide quick implementation and cost-effectiveness, allowing businesses to hit the ground running.

To make an informed decision, organizations must conduct a thorough evaluation of their financial resources, growth projections, and internal expertise. This assessment enables businesses to select a solution that not only aligns with their strategic goals but also enhances their dispute management capabilities in the long run.

Asking the Right Questions

To navigate this complex decision-making process, organizations must stay curious and ask the right questions. It's important to be aware of cognitive biases such as Hofstadter's Law, which suggests that people tend to underestimate the time required to complete tasks, even when presented with evidence to the contrary.

One valuable approach is to look around the fintech and banking space for organizations that have achieved similar goals. Given that fraud and disputes processing has been a challenge for issuers for over three decades, it's worth considering whether there are successful examples to learn from. If venturing into uncharted territory, organizations should carefully weigh the risks of innovation against potential benefits.

Evaluating Available Options

When evaluating dispute management solutions, organizations typically have three main options:

Build
Developing a custom dispute management software allows for a fully tailored solution that aligns perfectly with unique processes. This approach offers full control over features, maintenance, and data security.

SaaS
Opting for a Software as a Service dispute management platform provides pre-built tools and workflows, typically on a pay-as-you-go model. This option offers rapid deployment, regular updates, scalability, and lower upfront costs.

Non-SaaS
Purchasing a non-SaaS dispute management platform involves installing and managing software on in-house servers. This approach provides full control over data security, customization, and system updates.

Each option has its own set of advantages and considerations, and the choice depends on the organization's specific needs, resources, and long-term strategy.

Focusing on Desired Outcomes

When considering whether to build or buy a dispute management solution, it's crucial to focus on the desired end results. This focus ensures alignment between expectations and the chosen solution's capabilities. Organizations should clearly define what a successful internally developed product looks like and establish metrics to measure its performance. These benchmarks serve as a guide to ensure the solution can deliver the expected results.

Moreover, it's essential to articulate why a custom build is needed, if that's the direction being considered. This step is often overlooked but is critical in justifying the investment and effort required for in-house development. The benefits to customers should be at the forefront of this explanation, with a primary focus on enhancing accountholder trust and satisfaction.

Measuring Success: KPIs

To ensure that the chosen solution drives meaningful results, organizations should focus on key performance indicators (KPIs) that are critical in the dispute management space.

Recovery Rates: Improved recovery rates directly impact finances by reducing dispute costs.

Loss Amount: Write-off dollars contribute to operational expenses.

Customer Satisfaction: Metrics such as reopen rates, call times, and callback frequency indicate customer satisfaction levels.

Time to Resolution: Swift dispute resolution is crucial for maintaining a positive reputation.

Employee Efficiency: A streamlined solution enhances employee productivity and creates opportunities for team growth and reskilling.

Compliance: Consistently meeting compliance goals is essential, with room for further improvement once these targets are consistently achieved.

Understanding the Total Cost of Ownership

When evaluating dispute management solutions, it's crucial to consider the total cost of ownership (TCO). This encompasses all direct and indirect costs associated with acquiring, implementing, and maintaining the software.

- Consulting fees and development costs
- Implementation and integration expenses
- Training costs
- Ongoing maintenance and support fees
- Upgrade costs
- Data migration and transfer costs
- Operational expenses
- Security and infrastructure expenses
- Scalability costs as the business grows
- Staffing expenses for IT and contractors
- Software licenses
- Compliance-related costs

Assessing Risks

Risk evaluation is a critical step in the decision-making process, as it helps set realistic expectations and highlights important factors to consider. Some key risk considerations include:

- IT project failure rates, especially for projects extending beyond a year
- The tendency for projects to go over budget or schedule
- The limitations of minimum viable products (MVPs) in capturing full value
- The complexity of leveraging automation, AI, and regulatory compliance in dispute management

Wrap Up

Selecting the right dispute process solution is a complex decision that requires careful consideration of multiple factors. By focusing on desired outcomes, asking the right questions, evaluating available options, and thoroughly assessing costs and risks, organizations can make informed decisions that align with their strategic goals and enhance their dispute management capabilities. Whether building a custom solution or adopting a ready-made platform, the key is to choose a path that drives operational efficiency, ensures compliance, and ultimately leads to improved customer satisfaction and financial performance.